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FISCAL IMPACT STATEMENT

LS 6594

BILL NUMBER: SB 286

NOTE PREPARED: Jan 3, 2008

BILL AMENDED:

SUBJECT: Ballast Water and Sediment in Oceangoing Vessels.

FIRST AUTHOR: Sen. Zakas

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that, beginning July 1, 2009, each oceangoing vessel engaging in port operations in Indiana must obtain a permit from the Department of Environmental Management (IDEM). The bill allows IDEM to issue a permit only if the applicant can demonstrate that the vessel will not discharge aquatic nuisance species, or if the vessel discharges ballast water or sediment, that the operator of the vessel will use environmentally sound technology and methods to prevent the discharge of aquatic nuisance species.

The bill requires IDEM to establish a ballast water and sediment inspection program that ensures that aquatic nuisance species do not enter the waters of Indiana. The bill requires the Water Pollution Control Board to adopt rules to implement these provisions.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Summary.* Currently, the Water Pollution Control Board must establish requirements for permits related to controlling or limiting discharges of any contaminants into state waters. This bill will require IDEM to establish requirements for an inspection program and permitting the discharge of ballast water and sediment from oceangoing vessels engaged in port operations in Indiana. The bill also will require IDEM to issue the discharge permits starting July 1, 2009.

The fiscal impact will depend on requirements established by IDEM and rules set by the Board. Dedicated funds and the state General Fund are used for the purposes of the Department and the Board in maintaining permitting and inspection programs. Total costs could range from \$1.5 M to \$7.2 M.

The staffing levels for these estimates are based upon the assumption that Indiana sees approximately 1,200 oceangoing ships per year in four locations on Lake Michigan. The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Background. An estimate of the costs, without established rules, are listed below:

If developing a general NPDES permit program for ballast water, 8 permit writers would be required. Total personnel costs including fringe benefits and indirect costs would range from \$508,623 to \$843,619.

If developing an individual NPDES permit program for ballast water, 48 permit writers would be required. Total personnel costs would range from \$3.06 M up to \$5.06 M with 5 administrative staff members ranging from \$215,240 to \$347,400.

Both a general or individual permit program would require compliance inspections. Assuming 14 inspectors, costs would range from \$1.02 M up to \$1.85 M.

Because there is no approved treatment technology for ballast waters, IDEM would be required to develop a program to certify technology employed on each ship in addition to permitting programs. A certification program could be run at about half the cost of a general permit program above, but would not replace permitting programs, if required by statute.

These staffing levels are based upon the assumption that Indiana sees approximately 1,200 ships per year in four locations on Lake Michigan.

IDEM would also have to provide administrative support in order for the board to adopt rules.

IDEM reverted \$2.7 M in state General Fund appropriations in FY 2007 and \$18.9 M in all funds. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: The bill allows the Water Pollution Control Board to establish a fee for issuing a permit for discharging ballast water and sediment into an Indiana port. The amount of revenue generated by the fee will depend on the manner in which the Board will assess the fee.

If each ship were assessed a \$1,000 fee, total revenue would equal an estimated \$1.2 M.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM; Water Pollution Control Board.

Local Agencies Affected:

Information Sources: IDEM; State Budget Agency, *General Fund Reversion Summary*.

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